

0220-05531-0001

T R A N S M I T T A L

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 10/24/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 4	

**LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED BOARD
RESOLUTION AUTHORIZING A SIXTH AMENDMENT TO AGREEMENT NO. 47071-2 WITH
WEBCOR | OBAYASHI | LYLES, A JOINT VENTURE, FOR PHASE 4 OF THE SILVER LAKE
RESERVOIR COMPLEX STORAGE REPLACEMENT PROJECT/HEADWORKS RESERVOIR
PROJECT**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.



MAYOR

(Mitch Kamin for)

Attachment

MWS/PJH/JVW/JCY:DLG:10260070t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 9, 2025

CAO File No. 0220-05531-0001

Council File No.

Council District: 4

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Communication from the Department of Water and Power dated September 3, 2025; referred by the Mayor for a report on September 3, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED BOARD RESOLUTION AUTHORIZING A SIXTH AMENDMENT TO AGREEMENT NO. 47071-2 WITH WEBCOR | OBAYASHI | LYLES, A JOINT VENTURE, FOR PHASE 4 OF THE SILVER LAKE RESERVOIR COMPLEX STORAGE REPLACEMENT PROJECT/HEADWORKS RESERVOIR PROJECT**

RECOMMENDATION

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution authorizing LADWP to execute a Sixth Amendment to Agreement No. 47071-2 with Webcor | Obayashi | Lyles, a Joint Venture, extending the current agreement by four years, from January 1, 2026 through December 31, 2029, for a total contract term of 18 years, and increasing the contract authority by \$18 million, from \$388 million to \$406 million to complete the Headworks Reservoir Restoration (Phase 4) of the Silver Lake Reservoir Complex Storage Replacement Project/Headworks Reservoir Project;
2. Authorize, upon proper certification, the Chief Accounting Employee of LADWP to direct and draw demands on the Water Revenue Fund over the term of the Amendment to the Agreement and accompanying Resolution; and
3. Return the proposed Resolution to the Los Angeles Department of Water and Power for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a proposed Sixth Amendment to Agreement No. 47071-2 (Agreement) with Webcor | Obayashi | Lyles (WOL), a Joint Venture, for the construction of the Silver Lake Reservoir Complex Storage Replacement Project/Headworks Reservoir Project (Project) located at 6001 Forest Lawn Drive, Los Angeles, CA. The term of the existing contract, executed on December 19, 2011, is set to expire on December 31, 2025. The proposed Sixth Amendment will extend the term of the

Agreement by four years, from January 1, 2026 through December 31, 2029, for a total term of 18 years, and increase the contract authority by \$18 million, from \$388 million to \$406 million.

The Amendment will enable WOL to complete Phase 4 of the Project, restoring and transforming the project site into a public resource. Phase 4 consists of an ecosystem restoration, including outdoor spaces for community use and visitor access, as well as educational opportunities about the Los Angeles Water System through interactive features throughout the facility. All other agreement terms, conditions, and provisions remain unchanged.

The City Attorney has reviewed and approved the proposed Sixth Amendment as to form. Pursuant to Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), City Council approval is required because the cumulative contract term of the Agreement is greater than five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

In January 2006, the U.S. Environmental Protection Agency enacted two key regulations affecting water storage systems:

- Long Term 2 Enhanced Surface Water Treatment Rule – Requires public water systems using surface water to monitor for microbial contaminants and implementation of additional treatment.
- Stage 2 Disinfectants and Disinfection Byproducts Rule - Requires stricter monitoring and limits on disinfection byproducts throughout distribution systems.

Compliance with these regulations require open reservoirs to be covered or achieve 99.99 percent inactivation or removal of viruses. To comply with these federal regulations, LADWP removed all open reservoirs from service due to their vulnerability to environmental contamination, including the Silver Lake and Ivanhoe Reservoirs, and replaced them with underground facilities. The Department does not intend to reactivate the Silver Lake and Ivanhoe Reservoirs, opting instead to maintain them as non-potable water bodies to continue serving the community's needs.

Project Overview and Facility Specifications – The primary objective of the Project is to replace the operational capacity of the decommissioned Silver Lake and Ivanhoe Reservoirs. The replacement facility consists of two underground water storage reservoirs—Headworks East Reservoir and Headworks West Reservoir—connected by a large-diameter pipeline at the Headworks site. These facilities represent the largest underground drinking water storage system in the Western United States, with a combined capacity of approximately 110 million gallons. The complete project scope consists of five major components delivered across four construction phases:

- *Phase 1* – Headworks East Reservoir, including valve vaults, electrical building reservoir connection to existing River Supply Conduit 1A East and tunnel section, associated site piping, and grading.

- *Phase 2* – Headworks West Reservoir and tunnel section.
- *Phase 3* – Hydroelectric power plant, regulation station, and Headworks Flow Control Station.
- *Phase 4* – Ecosystem restoration.

Initial Competitive Selection Process – In May 2011, City Ordinance No. 181639 authorized the Board of Water and Power Commissioners (Board) to use the Construction Manager at Risk alternative delivery method through a competitive sealed proposal process for the procurement of pre-construction and construction services for the Project. On July 8, 2011, LADWP issued a Request for Proposals (RFP) on the City of Los Angeles' Business Assistance Virtual Network website, followed by a mandatory pre-proposal bidders conference and site visit on July 21, 2011.

Only two responsive proposals were received by the August 30, 2011 deadline. The limited participation was primarily attributed to the RFP requirement that bidders subcontract 90 percent of the work, rather than self-performing the majority of the scope. Additionally, the required \$230 million bonding capacity excluded firms unable to secure bonding at that level, resulting in several otherwise interested firms choosing not to submit.

LADWP's Water System evaluation team reviewed both proposals and determined that Webcor | Obayashi | Lyles, a Joint Venture, was the most responsive and responsible proposer, achieving equal or higher scores across all evaluation criteria. The firm also demonstrated a comprehensive construction approach and an aggressive schedule supportive of timely project delivery. On December 6, 2011, the Board awarded the contract to Webcor | Obayashi | Lyles, a Joint Venture.

Contract History and Previous Amendment - On December 6, 2011 the Board approved Resolution No. 012-123, authorizing LADWP to enter into a seven-year Construction Manager at Risk agreement with Webcor | Obayashi | Lyles, a Joint Venture, for pre-construction and construction services for the Silver Lake Reservoir Storage Complex Replacement Project, for a cost not to exceed \$230 million. The Agreement was executed on December 19, 2011.

From the execution date of the Agreement through the Fifth Amendment (Resolution 022-060 / C.F. 08-3420-S4), the Board authorized a series of resolutions to address evolving project requirements. These modifications included increases to contract authority, term extensions, fund reallocations, and scope revisions to accommodate project phasing and construction sequencing adjustments. Attachment 1 to this report provides detailed Board actions related to Amendments 1 through 5, including financial impacts and scope changes for each modification. The Department indicates that no further amendments are anticipated, as the proposed term extension is expected to provide sufficient time to complete the Project.

Construction Status and System Commissioning – Design and construction of Phases 1 through 3 were completed in July 2025. The Headworks East and West Reservoirs and associated

infrastructure have been undergoing comprehensive testing and commissioning since August 2025, with full operational status anticipated in the first quarter of 2026.

Project Funding for Phases 1 through 3 – The Project has secured approximately \$418 million in California Safe Drinking Water State Revolving Fund (CSDWSRF) financing through a low-interest loan with a 30-year repayment period. These funds cover LADWP labor expenses, professional services, permitting costs, the WOL Agreement for Phases 1 through 3, and other eligible project expenditures. The total estimated project cost is approximately \$514 million, funded through a combination of CSDWSRF financing and LADWP resources, including the \$388 million contract authority with WOL.

Sixth Amendment – On July 28, 2025, LADWP proposed a Sixth Amendment to extend the Agreement term by four years, from January 1, 2026 to December 31, 2029, resulting in a total contract duration of 18 years, and to increase the contract authority by \$18 million, from \$388 million to \$406 million. The Amendment will provide sufficient time and funding for WOL to continue Construction Manager at Risk services for the completion of Phase 4, the Headworks Reservoir Restoration. This phase includes the design and construction of public parkland above the newly completed underground reservoirs. Once completed, Phase 4 will convert the site into a community asset featuring recreational open space and educational elements highlighting the Los Angeles Water System. Although a specific opening date has not been set, a substantial portion of the facility is anticipated to be open prior to the 2028 Olympic Games.

Phase 4 Design Competitive Selection Process – LADWP is conducting a separate procurement process to secure a design consultant for Phase 4. On May 14, 2025, LADWP issued a Request for Proposals with a submission deadline of July 18, 2025. Eleven firms submitted proposals in response to the solicitation. The Department is currently in the selection phase and expects to award a contract to a qualified firm to complete Phase 4 designing services. The selected designer consultant will execute the work in parallel with construction services provided by WOL, ensuring coordinated project delivery.

Contract Expenditures and Phase 4 Funding – Through September 2025, LADWP has expended approximately \$359 million (92 percent) of the total appropriated contract authority of \$388 million. Of the remaining balance of \$29 million (eight percent), \$6.4 million will cover outstanding Phase 3 expenses, leaving \$22.6 million available for Phase 4. The Sixth Amendment will increase the contract authority by \$18 million, bringing the total Phase 4 budget to \$40.6 million.

Project Delays and Costs Overruns – The original Agreement cost estimate, completed in 2011, was based primarily on conceptual design plans rather than detailed engineering or construction documents. LADWP subsequently discontinued the initial design consultant services and elected to perform design work in-house, which extended the project timeline as the Department assumed responsibility for redesigning Phases 2 and 3. Project schedule delays resulted from several factors: 1) Phase 2 redesign of concrete mix, construction method, and increased storage capacity requirements; 2) the flow control station was increased in size and design to align with updated safety design standards; 3) Phase 3 design revisions; and 4) scope changes mandated by the Division of Drinking Water, Division of Safety of Dams, LADWP Water Operations Division, and

other external stakeholders. The cumulative effect of these design changes and regulatory requirements necessitated contract extensions and cost adjustments beyond the original 2011 estimates.

Additionally, Phase 4 was originally planned as a wetlands project in partnership with the U.S Army Corps of Engineers (Corps); however, this phase was reimagined as a public recreational facility after the Corps withdrew as a result of the Project's limited scale for their standards. At the request of the Mayor's Office during the Eric Garcetti Administration, LADWP engaged Gehry Partners to redesign the Headworks Reservoir Complex site from a wetlands concept to an open public recreational space.

Location – The Silver Lake Reservoir Complex Storage Replacement Project, also known as the Headworks Reservoir Storage Facility, is located at 6001 Forest Lawn Drive, Los Angeles, CA, within the Headworks spreading grounds adjacent to the Los Angeles River. The site is positioned between the City of Burbank to the north and Griffith Park to the south.

Alternatives Considered – LADWP confirmed that no viable alternatives exist to the proposed Amendment. Initiating a new competitive procurement process would delay the project by approximately two years and significantly increase costs due to construction cost escalation and inflation impacts. Additionally, timely completion of Phase 4 is critical to avoid construction schedule conflicts with the concurrent Design-Build Water Quality Lab Project on the same site.

WOL's experience from previous construction phases at the Headworks facility provides essential project continuity and institutional knowledge. WOL's familiarity with site-specific technical constraints, opportunities, and risks from Phases 1 through 3 will ensure efficient Phase 4 delivery. Maintaining WOL's services will enable substantial project completion prior to the 2028 Olympic Games.

CITY COMPLIANCE

Small Business Enterprise (SBE), Disabled Veterans Business Enterprise (DVBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Other Business Enterprise (OBE) Subcontracting Participation – While no minimum Business Enterprise goals were established for this contract, Webcor | Obayashi | Lyles, a Joint Venture, was encouraged to utilize Small Business Enterprise (SBE), Disabled Veteran Business Enterprise (DVBE), Minority Business Enterprise (MBE), Women Business Enterprise (WBE), and Other Business Enterprise (OBE) firms through good faith efforts as mandated by California Safe Drinking Water State Revolving Fund regulations. WOL committed to 19 percent MBE and 9 percent WBE utilization. As of June 4, 2025, actual subcontractor participation includes: 2.8 percent SBE, 11.8 percent MBE, 2.8 percent WBE, and 60.6 percent OBE utilization.

California Environmental Quality Act (CEQA) – LADWP has determined, subject to Board approval, that the proposed Sixth Amendment is exempt from CEQA pursuant to Guidelines Section 15060(c)(3). Under this provision, an activity is not subject to CEQA if it does not meet the definition of a project. CEQA Guidelines Section 15378(b)(2) specifies that continuing administrative or

maintenance actions, such as amendments to existing contracts, are not considered projects. Accordingly, extending the contract term and increasing funding does not require CEQA review.

Separately, LADWP determined that this item complies with CEQA Guidelines Sections 15080–15097. In accordance with CEQA, a final Environmental Impact Report (EIR) was completed in April 2006 for the Silver Lake Reservoir Complex Replacement Project to evaluate construction and operational impacts. On May 16, 2016, the Board certified the EIR, adopted the Mitigation Monitoring and Reporting Program, Findings of Fact, and Statement of Overriding Considerations, and approved the project. Subsequent updates to the EIR were completed in 2013 and 2017.

In addition, LADWP determined that this item complies with CEQA Guidelines Sections 15070–15075. Pursuant to this provision, a Mitigated Negative Declaration (MND) was prepared for the Headworks Site Development Project to assess construction and operational impacts. On September 10, 2024, the Board adopted the MND and Mitigation Monitoring and Reporting Program and approved the project.

Charter Section 1022 – In accordance with Charter Section 1022, the Department determined that it is more feasible to have the Sixth Amendment work performed by WOL rather than City employees. The services required in the proposed RFP are for expert services which require knowledge and skills that are not available within LADWP, and additional staff cannot be employed and trained in a timely manner to meet the Department’s needs.

The City Attorney has reviewed and approved the proposed Amendment to the Agreement and Resolution as to form. In accordance with Charter Section 373 and the Los Angeles Administrative Code Section 10.5(e), the Amendment requires City Council approval because the total term of the Agreement exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Resolution and Sixth Amendment to Agreement No. No. 47071-2 with Webcor | Obayashi | Lyles, a Joint Venture will have no impact on the City’s General Fund. The Amendment will increase the not to exceed contract authority by \$18 million, from \$388 million to \$406 million. Funding is budgeted and available in the Los Angeles Department of Water and Power’s Water Revenue Fund. The recommendations in this report comply with the LADWP’s adopted Financial Policies.

Attachment 1 – Webcor | Obayashi | Lyles, a Joint Venture, Board Actions and Contract History (Prepared by: CAO Group 10, Proprietary Analysis and Sanitation).

Attachment 2 – LADWP Board letter dated September 3, 2025 and proposed Resolution and Amendment with Webcor | Obayashi | Lyles, a Joint Venture, dated July 28, 2025.

**Webcor | Obayashi | Lyles, a Joint Venture
Board Actions and Contract History**

Webcor Obayashi Lyles (WOL), a Joint Venture, Agreement No. 471071-2 Contract Activities and Amendment Nos. 1 through 5			
Date	Resolution	Description	Board Action
12/6/11	012-123	<p><u>Original Agreement</u> – Seven year Construction Manager at Risk Agreement with WOL for pre-construction and construction services for \$230 million.</p> <ul style="list-style-type: none"> • LADWP will initially proceed with only pre-construction services and purchase of the pipeline material for Phase 1 for an amount not to exceed \$13 million. • Phase 1 pre-construction services for up to \$2,152,000 and for the purchase of Phase 1 long-lead items, such as pipes and valves, for approximately \$10.8 million, for an amount totaling \$13 million. 	Approved
4/3/12	012-206	Requests authorization to proceed with construction of Phase 1 of the Project. WOL negotiated in good faith an initial Guaranteed Maximum Price \$126.5 million plus a 10 percent contingency of \$12.7 million, for a total of \$139.2 million, for Phase 1.	Approved
6/3/14	014-222	<u>First Amendment</u> – requests authorization to increase the contingency for Phase 1 of the Project with WOL by \$6 million, bringing the total from \$139.2 million to \$145.2 million.	Approved
6/2/15	015-235	LADWP requests authorization to proceed with construction services for Phase 2 of the Project for an expenditure limit not to exceed \$27.6 million.	Approved
10/25/16	017-079	<u>Second Amendment</u> - LAWDP requests to increase the contract budget by \$123 million, from \$230 million to \$353 million due to design changes, project expansion, and an extended construction timeline.	Approved
11/6/2018	019-074	<u>Third Amendment</u> – requests authorization to extend the contract term by three years, from January 1, 2019 to December 31, 2021, for a total term of 10 years, to conduct research and development for an improved concrete mix and redesign Headworks Reservoir West for a combined total operational capacity of 110 million gallons.	Approved
3/23/21	21-179	<p><u>Fourth Amendment</u> – requests authorization to:</p> <ul style="list-style-type: none"> • Increase the budget by \$35 million, from \$353 million to \$388 million to update the cost estimate based on the final design and construction of Phase 3. • Extend the Agreement by four years, from January 1, 2022 to December 31, 2025, for a total of 14 years. <ul style="list-style-type: none"> ○ As a result of the delays, the Board instructed LADWP to return at a future date to report the contractor's performance and the project schedule. At that time, a determination would be made regarding a potential extension. 	Approved Denied
10/26/21	022-060	<u>Fifth Amendment</u> – requests authorization to extend the Agreement term by four years, from January 1, 2022 to December 31, 2025, for a total of 14 years, to complete the redesign and construction of the Project.	Approved
9/24/24	025-052	Requests authorization to reallocate funds to increase the authorized expenditure limit by \$10 million, from \$75 million to \$85 million for Phase 3. The Agreement's not to exceed total remains at \$388 million.	Approved